

Step 1 shows that Mark and Evelyn's AGI, SSN, filing status, and residence allow them to claim the EIC. Step 2 shows that their investment income is within the \$2,700 limit and that a child lived with them during the tax year.

Lines 41a and 41b— Earned Income Credit (EIC)

What is the EIC?

The EIC is a credit for certain people who work. The credit may give you a refund even if you do not owe any tax.

To Take the EIC:

- Follow the steps below.
- Complete the worksheet on page 45 or let the IRS figure the credit for you.
- If you have a qualifying child, complete and attach Schedule EIC.



If you take the EIC even though you are not eligible and it is determined that your error is due to reckless or intentional disregard of the EIC rules, you will not be allowed to take the credit for 2 years even if you are otherwise eligible to do so. If you fraudulently take the EIC, you will not be allowed to take the credit for 10 years. See Form 8862, who must file, that begins on page 43. You may also have to pay penalties.

Step 1 All Filers

- If, in 2005:
 - 2 children lived with you, is the amount on Form 1040A, line 22, less than \$35,263 (\$37,263 if married filing jointly)?
 - 1 child lived with you, is the amount on Form 1040A, line 22, less than \$31,030 (\$33,030 if married filing jointly)?
 - No children lived with you, is the amount on Form 1040A, line 22, less than \$11,750 (\$13,750 if married filing jointly)?

☐ **Yes.** Continue ☐ **No.** You cannot take the credit.
- Do you, and your spouse if filing a joint return, have a social security number that allows you to work or is valid for EIC purposes (see page 44)?

☐ **Yes.** Continue ☐ **No.** You cannot take the credit. Put "No" to the left of the entry space for line 41a.
- Is your filing status married filing separately?

☐ **Yes.** You cannot take the credit. ☐ **No.** Continue
- Were you a nonresident alien for any part of 2005?

☐ **Yes.** See *Nonresident aliens* on page 44. ☐ **No.** Go to Step 2.

Step 2 Investment Income

- Add the amounts from Form 1040A:

Line 8a _____
 Line 8b + _____
 Line 9a + _____
 Line 10 + _____

Investment Income =

- Is your investment income more than \$2,700?

☐ **Yes.** ☐ **No.** Continue

You cannot take the credit.

- Did a child live with you in 2005?

☐ **Yes.** Go to Step 3 on page 42. ☐ **No.** Go to Step 4 on page 42.